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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Can Gorbachev Pull It Off?

FROM:	EXTENSION	NO.
Herbert E. Meyer Vice Chairman, NIC		NIC #02478-85
		DATE 17 May 1985

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TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
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SECRET/SENSITIVE

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #02478-85
17 May 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Herbert E. Meyer
Vice Chairman, National Intelligence Council

SUBJECT: Can Gorbachev Pull It Off?

1. As the new Soviet leader settles in to secure his power--if he doesn't kill himself laughing over Western media reports about his style and personal charm--we need to focus on the question that in one form or another knowledgeable Russians are asking, often with some sense of urgency: Can Gorbachev pull it off? By "pull it off" they mean quite simply this: Can Mikhail Gorbachev put the Soviet Union on a course which will enable that country to continue to compete with the United States? If he can, then the Cold War as we have known it for forty years will probably go on for a long time to come. If he cannot--and it is this possibility that worries so many members of the Soviet elite--then we are probably heading toward a major shift in the balance of global power, of a magnitude that happens only once or twice in a century. We need to focus on this question right now, because to a large degree Gorbachev's ability to "pull it off" will depend on what we Americans do, or don't do, in the years to come.

2. It is remarkable how swiftly this perception has taken hold among opinionmakers and policymakers on both sides of the Iron Curtain--that if present trends continue the Soviet Union will find it increasingly difficult and finally impossible to compete with the US, by which we mean to compete until such time as the Soviet Union can displace the US as the world's preeminent superpower. As you may recall, it was the mass of evidence which supports this perception that shaped my own June 1984 memo, What Should We Do About the Russians? Whether or not Gorbachev himself shares this perception we simply don't know. But if the man is half as well-informed as Kremlin flacks are touting him to be, he must at least be familiar with the evidence that so many of us find so persuasive. If so, from where he's sitting now here's a summary of what--to borrow a Marxist term--the "objective reality" would look like:

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3. After seven decades of Communism, the Soviet Union is beginning to atrophy. A sense of exhaustion and a growing fear of the future permeate the bureaucracy--and no wonder. Conceived of, structured, and managed more like a nineteenth-century empire than a modern country, the Soviet Union now is reeling from the same combination of trends to which all previous empires in history eventually succumbed:

-- Demographic problems become acute and irreparable in the foreseeable future. In the case of the Soviet system, imbalances in ethnic population growth rates have resulted in too few Russians to effectively lead and control an empire comprised of more than 100 nationality groups, most if not all of which want their freedom from Russian domination. In coming years, there will be too few Russians to man the armed forces; too few Russians to sustain even today's low industrial productivity growth rate in the Russian Republic, which contains about 65 percent of all industrial production.

-- The bureaucracy no longer can provide even the most basic national services. In the Soviet case, the health care system is fairly collapsing, with no less than five communicable diseases that have virtually been eliminated in the West now running rampant throughout the country--scarlet fever, polio, diptheria, whooping cough, measles. And the Soviet Union is the only industrialized country in which infant mortality is rising and the average life span dropping. (The Soviet Union is the only country anywhere in the world known to have once opened a cardiology clinic on the top floor of a five-story walk-up.) Moreover, Communism has turned what in 1914 was among the world's leading graineries into the world's largest importer of grain. Even so, throughout much of the Soviet Union today the availability of food is actually declining.

-- The economy stagnates. The Soviet Union's growth rate is marginal at best, and the distribution system is so bad the gap between what is produced and what actually gets properly used is big and probably growing. So dependent has the Soviet economy become on the black market and on corruption that any serious effort to eliminate either one now runs the risk of bringing the entire system to a crashing halt.

4. Moreover, the Soviet Union has had the bad luck to become hobbled by these trends at precisely that moment in history when a technological revolution has begun sweeping the free world. That is, while Western Europe, Japan, and the US transform themselves from industrial societies to knowledge societies, the Soviet Union remains trapped by a nineteenth-century, Marxist approach to the idea of production--an approach that was scarcely relevant even then. The Soviet Union's failure to transform itself into a knowledge society is easy to understand. After all, the driving impulse of a knowledge society is the free flow and application of data--the computer-based ability to gather,

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process, and use in countless ways a staggering amount of information that all together pushes the rate of innovation to unprecedented levels and makes the production of goods and services more and more efficient. And the free flow and application of data is the one thing no rigid Communist society can tolerate. Result: production in the industrial-based Soviet Union is becoming less efficient relative to production in Western, knowledge-based societies. There is no way on earth the Soviet economy in its present form could ever catch up with, let alone surpass, its Western counterparts.

5. Most important of all, the US has recognized and acted upon a fundamental change in the very nature of warfare: namely, that technology has brought us to the start of an era in which a unit of defense will cost less than a corresponding unit of offense. Since the US is a "defensive" power, versus the Soviets as the world's "offensive" power, and since technology is our national genius, this change in the nature of warfare works to our advantage. Indeed, it was the President's grasp of all this which led him to propose the Strategic Defense Initiative, which is not at all a gadget but rather a strategy based on our technical prowess and on our inherent role as a "defensive" power. As the US continues on course toward SDI--which means toward development of strategic systems to stop nuclear-tipped missiles and, equally important as the President said explicitly in his March 1983 speech, toward development and deployment of high-tech conventional weapons that would further raise the nuclear threshold--the Soviet Union's opportunities will evaporate to use the military power which has become that country's sole claim to superpower status. More precisely, within the next ten years at most new Western conventional weapons will make it virtually impossible for the Warsaw Pact countries to overrun Western Europe; the Pact's four-to-one tank advantage will be as useless in the face of NATO high-tech defense weapons as was the Polish cavalry in the face of Nazi tanks. And by roughly the end of this century we will have the means to intercept rockets in their boost phase, which means the Soviets will no longer be able to threaten the West with nuclear annihilation.

6. In the very broadest sense, then, what the Soviets call the "correlation of forces" is shifting not in their direction, but in ours. Moreover, with anti-Communist insurgencies beginning to flourish around the world and with major powers such as China and India beginning to barrel forward by unleashing their economies to adopt the free enterprise system, it is apparent that the "correlation of forces" is shifting with a momentum that is as terrifying to the Soviets as it is heartening to us. Throughout the world now, it's becoming obvious that history, after all, is not on the Soviets' side but on our own.

7. To reverse these trends, Gorbachev will need to do more than merely coax--or flog--the Soviet economy to a slightly higher rate of growth. All this would do is assure that the Soviet Union will continue

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to fall behind but at a marginally slower rate. Rather, Gorbachev must transform the Soviet economy from its present and obsolete industrial base into an economy that, like its more dynamic Western counterparts, is based on knowledge--whose driving impulse is the free flow and application of data. For it is only by achieving this economic transformation that the Soviet Union will be able to generate the wealth, the technology, and the weapons with which to sustain its military challenge.

8. To begin with, Gorbachev will need to break the Communist Party's stranglehold on power. He will need to set free the agricultural sector by allowing farmers to plant whatever they want and to sell their produce for whatever prices they can get. He will need to set free the industrial sector by allowing factory supervisors to manufacture whatever products they judge the market wants, and to charge whatever prices they believe are correct. And he will need to rejuvenate the country's scientific community, which despite the high quality of individual members has grown stagnant after years of politicization and overemphasis on technical advantage rather than on creativity. All this will merely set the stage, rather like bringing a sick patient to sufficient strength to endure a necessary operation. Then--and here's the really tough part--Gorbachev will need to smash the Communist Party's monopoly on information. For it is only when Soviet industrial managers, scientists, technicians, bureaucrats, and intellectuals are free to gather, process, and use data just about however they want that the creative strength of Soviet society can become fully deployed. This is the dynamic force--indeed this is the only dynamic force--that can power the Soviet economy forward by pushing the pace of innovation and making the production of goods and services more and more efficient.

9. There is just one more thing Gorbachev will need to do. He will need to knock our country off its present course. After all, in a two-car race it does little good to accelerate from twenty miles-per-hour to forty miles-per-hour, if all the while your adversary is cruising comfortably at sixty. Gorbachev absolutely has to slow us down. To do this without war he must strike where we, as any democracy, are most vulnerable: at our political will. For as we have learned to our horror in Vietnam and elsewhere, without the political will to prevail our military power, technological prowess, and economic vitality are useless. The Soviets understand full well that in recent years the US has begun to regain its will. The restoration of our economic health, our defense build-up, our efforts to strengthen Western alliances, our willingness to actively support democratic revolutions, and above all our determination to proceed with SDI--these are all reflections of a political will whose inevitable result is an end to Soviet dreams of global preeminence, or even to Soviet pretensions as a superpower in our league. Thus if Gorbachev intends his country to continue to compete with the US, he needs not only to change his country's course but also to break our will, and by doing so knock our country off its present course. And he needs to do it soon.

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10. We must assume that Gorbachev will give it all a shot. More than likely he is sufficiently well-informed to grasp the challenge, and his recent call for "revolutionary" economic reforms suggests that he's at least willing to move beyond the status quo. And Gorbachev may indeed be a man of talent and some vision. But it's worth recalling that two of the Romanov dynasty's last Prime Ministers--Sergei Witte and Peter Stolypin--were among the most talented and visionary European statesmen of their age. The British historian and journalist Edward Crankshaw, whose own dispatches from Moscow during the Khrushchev era were among the best of their kind, offers this telling verdict on Witte: "He was essentially a man of great parts with unbalanced talents and blind spots to set against great vision--a man, in a word, who would be at his best when kept up to scratch by friction with two or three colleagues of scarcely inferior gifts. Witte did not fail Russia. Russia failed Witte: from among all her millions she was unable to produce another man, let alone more than one, fit to work with him." Like Witte (and Stolypin), Gorbachev cannot succeed alone. The question is whether, after seven decades of venality, sometimes murderous power-struggles, and corruption, the Communist bureaucracy can produce enough good men to give Gorbachev the critical mass he would need to succeed.

11. My own guess is that the Communist Party is too far gone to transform itself, let alone the country. To be sure, for a little while the bureaucracy will give Gorbachev and a few hand-picked lieutenants some running room to introduce their "revolutionary" reforms. Gorbachev & Co. will seize the opportunity, and they may even manage to loosen the Party's grip on power enough to eek out an extra point or two of growth. But having brought the patient to sufficient strength for the necessary operation--smashing the Party's monopoly on information--Gorbachev & Co. will have depleted too much of their energy and political capital to go on. And the bureaucracy, as always when faced with the prospect of serious, fundamental reform, will lose its nerve and start to pull back on the leash. Moreover, while all this is going on the US will have barreled even further ahead, almost out of sight. If only to save himself and to secure whatever small gains he's made, Gorbachev will have no choice but to switch gears by easing off on internal change and pouring his and his bureaucracy's energies into knocking the US off course. It will almost be a relief to switch gears like this. After all, knocking the US off course is the game Gorbachev and his colleagues know best; the game at which they have traditionally enjoyed the most success for the least political cost.

12. Scaring us off, stretching us out, wearing us down--this will be the essence of the looming Soviet campaign to break our political will. There will likely be no one event that does the trick. Rather, the Soviets will pursue a strategy to kill us with a thousand tiny cuts. For example, the Soviets will step up their efforts to de-stabilize key Third World countries. Time and again we will be forced to choose between

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watching a current or potential ally go down the drain, thus displaying to the world our impotence, or providing the sort of economic and military help that inevitably will generate controversy and protest here at home and even abroad. The Soviet goal will be to draw us in deeply enough to create a debilitating political issue, but not deeply enough for us to win. In Europe, the Soviets will try to drive a wedge into the NATO alliance by pouring millions of dollars--hundreds of millions, actually--into their ongoing anti-US propaganda campaign. No doubt the Soviets will drag out the same shopworn propaganda themes they've been peddling for years--the US is responsible for global tensions, the US is creating poverty everywhere, the US is funding the arms race, the US will cause a war that will destroy Western Europe. No doubt these shopworn themes, as always, will prove effective. In Asia, the Soviets will flex their military muscle to threaten Japan, in hopes of weakening that country's strong commitment to the Western alliance. And in political powder kegs like the Philippines, while we struggle to assure stability, the Soviets will look for ways to toss in a lighted match or two.

13. At the same time, there will be more horrifying incidents and episodes along the lines of KAL 007 and the Nicholson shooting. The Soviets will hope that in each case "cool heads" will assure us that it was just an isolated event, rather than part of any policy--missing completely the point that atrocities like these are the inevitable by-product of the Soviet system itself--and convince us not to "give in to our emotions" by responding sharply. And each time we accept this advice, we Americans will feel a bit smaller, a bit less confident. And of course, the Soviets will move forward with plans to deploy an awesome range of new strategic and conventional weapons, forcing us to divert still more of our money and political capital to defense.

14. Meanwhile, here at home the US anti-defense crowd that caused so much damage to our security in the 1970s will regain its momentum. One specific objective of their next campaign will be to stop SDI at all costs by doing to the concept of strategic defense what they have already done to the concept of nuclear energy: discrediting it politically despite its technological merit. Soon our own domestic voices of despair will rise again to spread their perception throughout the country that we cannot win, that the cost of going on is intolerable, that somehow it all must be our fault. Cut by cut, drop by drop, the Soviets will work to draw out so much of our political will that in the end we will lose our national velocity. And so the Soviet Union will be able to compete with the US for a long time to come.

15. Let us be clear about the stakes. If Gorbachev tries all this and succeeds--if he can achieve the double-whammy of changing both his country's and our country's courses--the Cold War as we have known it for decades will go on, with the momentum shifting back toward the Soviets and a perception taking hold once more that time, after all, is on the Soviets' side. This doesn't mean that we will "lose" the Cold War any

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time soon--that is, be displaced by the Soviet Union as the world's preeminent superpower. It does mean that we shall suffer a devastating blow to our hopes for peace, freedom, and prosperity. It means the cost, effort, and sacrifice of the last few years will go for nothing; that we will be back where we started.

16. On the other hand, should Gorbachev try and fail--or decline to try at all--the Soviet Union will enter the most dangerous, decisive period of its history. Militarily, the Soviet Union will find itself in a "use-it-or-lose-it" situation. That is, Soviet leaders will face a stark choice of using their conventional or strategic power soon to change the "correlation of forces," or doing nothing until they reach a point when it is too late to use this power because the West's defenses will be too strong to defeat. A Soviet decision to use power, of course, would risk war. A Soviet decision not to use power would condemn the Soviet Union to drifting downward into the second rank of nations, rather like some of our European allies did after World War II. In the case of our allies, their internal stability enabled them to cope fairly well. It's an open question whether the Soviet Union has sufficient stability to cope, or whether internal centrifugal forces--or similar external forces from the East European satellites--will prove too strong for Moscow to control.

17. We've no idea how the world at large will respond should a perception take hold that the Soviet Union will not, after all, displace the US as the world's preeminent superpower. Perhaps the time has come to give this subject some serious thought. I have a suspicion that this reaction would be stronger than anyone anticipates; that we may all be greatly underestimating the effect that physical fear of the Soviet Union has had on Western civilization--on our national policies of course, but also on our cultures and even on our private hopes and worries. Rather like fear of street crime, fear of the Soviet Union may run so deep that an accurate calibration of its impact is impossible, at least until after the threat passes. If fear of the Soviet Union does run so deep, the effect of its passing on the West, on the East European satellites, and on the Soviets themselves could be dramatic in ways that we cannot foresee.

18. I believe that we are moving now through one of those rare periods in history, when the tectonic plates of global power have broken loose. Should Gorbachev succeed, these tectonic plates will grind around for a bit and then settle back into their present positions. But should Gorbachev fail, we and our allies soon will be safely and irrevocably beyond reach of the Soviet Union--or as the Soviets would see it, hopelessly beyond their grasp. Global power would shift from a bi-polar, US-Soviet focus to a multi-polar focus, with the US preeminent and with power shared among ourselves, Japan, Western Europe, China, and whatever becomes of the Soviet Union and its satellites. That would be a very different world; more complex in some ways but on the whole less

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dangerous. It all depends on whether or not Gorbachev can "pull it off." And the answer to this question depends as much on our political will as on his. Thus the coming years will be more than a verdict on Gorbachev. They will be a verdict on ourselves.

Herbert E. Meyer

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